

AMERICAN BANKERS ASSOCIATION
Office of the General Counsel
June 23, 1994

SUMMARY OF PRODUCTS AND SERVICES AUTHORIZED BY STATE LAW OR REGULATION

STATE	I N S U R A N C E				R E A L E S T A T E			S E C U R I T I E S			T R A V E L D A T A		M G M T. CONSULT.
	Sales	Brokerage	Under-writing	Lobby leasing	Equity invest.	Sales broker	Discount	Full service	Under-write	Mutual fund	AGENCY PROCESS.		

AL	Y	Y	Y	Y	Y	Y	Y	N	N	N	Y	Y	Y
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Authority for most activities is incidental powers provision, § 5-5A-18(12). Insurance underwriting and discount securities brokerage must be in a separate subsidiary. Travel agency, data processing, and management consulting source is § 5-5A-18(9).

AK	Y	Y									Y		
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Authority is in Administrative Code at Tit. 3, § 02.145.

AZ					Y				Y	Y			
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Real estate activities are limited to bank subsidiaries. § 6-184. Securities underwriting and dealing are limited to public entity issues and notes and obligations secured by realty, secured mortgage-related payment bonds, and commercial paper and must be done through a non-bank subsidiary. § 6-193. Creation and operation of mutual funds are permitted by § 6-193.

AR	Y	Y			Y						Y		
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Agent authority for places with up to 5000 population and grandfather authority for licenses for agents and brokers held on 3/25/75 are at § 23-64-203(b). Authority for real estate investment, direct or through bank or bank holding company subsidiaries, is §§ 23-32-708(p), (q). Travel agency authority is § 23-32-701(b)(13).

CA	Y	Y	N	Y	Y	N	N	N	N	Y			Y
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California Supreme Court opinion of 5/4/89 upheld provisions of Prop. 103 (1988 referendum) permitting banks to be licensed as insurance agents and brokers. State Banking Dep't opinion ruled that §§ 772(b) and 1208 of Financial Code are repealed by Prop. 103. Insurance Department Bulletin 85-13 regulates insurance lobby leasing. Authority for real estate investment is § 751.3, Fin. Code; authority for mutual funds is § 1338. Management consulting derives from §§ 777, 778.

CO	Y				Y								
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Authority for insurance sales for BHCs and subsidiaries in places up to 5000 population and for grandfathering of sales by banks, BHCs, and subsidiaries as of 7/1/77 is §§ 10-2-221 and 11-6-101. Real estate investment authority, direct or through subsidiaries, is §§ 11-7-106. Authority to sell fixed and variable annuities §§ 10-2-221(2)(a), 10-2-221.5, 10-2-602, 10-2-603.

Fire and casualty insurance sales permitted by banks, BHCs, and subsidiaries licensed on 10/1/73, and life insurance as of 10/1/80, are authorized by § 38-72a.

Authority for banks to sell and underwrite insurance nationwide is Tit. 5, § 761(14), approved 5/30/90. Federal Reserve order has halted sales pending litigation. Tit. 5, §§ 761 (a)(12), 761 (a)(13) authorize banks, directly or through subsidiaries, to underwrite, distribute, or deal in securities of all kinds.

Insurance agency permitted in banks in city of less than 5000 population; bank agencies as of 4/2/74 are grandfathered, and sale of annuities as authorized for national banks is permitted by § 626.988. Investment authority under § 658.67(6) is basis of real estate equity investment.

Insurance sales only in places up to 5000 population and grandfather of sales by bank, bank holding companies, and subsidiary or affiliate licensees on 1/1/74 are authorized by § 33-3-23. Authority for lobby leasing is Insurance Commissioner's guidelines of 10/1/86. Banks may acquire, directly or indirectly, an equity interest in the financing, development, or improvement of real estate up to 25% of the appraised value of the real estate. § 7-1-286. Securities underwriting is limited to banks with fiduciary powers participating in an underwriting syndicate. §§ 7-1-314, 7-1-612. Investment in mutual funds and corporations that offer investment advice and investment products is permitted by §§ 7-1-287, 7-1-288.

Source of insurance sales authority, for lines other than life insurance is § 28-1-11-2. Section 28-1-11-4 permits banks to underwrite securities backed by municipal bonds and by interests in mortgages, and also to sell, distribute, and underwrite mutual funds through a subsidiary.

Source of insurance and real estate powers, either directly or through a bank service corporation, is Banking Superintendent's letter of 11/15/83. Investment in real estate for industrial and economic development purposes is limited to 20% of capital and surplus for a single purchase and 40% in the aggregate. § 524.901. Section 524.825 authorizes state banks to engage in any aspect of the securities industry directly or through subsidiaries.

Source of insurance sales in places with up to 5000 population is State Bank Commissioner Special Order 1990-2, issued pursuant to wild card statute (§ 9-1715). Securities brokerage in a bank is limited to financial futures, forward placements, and standby contracts on U.S. government securities, but full-service brokerage, underwriting, and operating mutual funds may be engaged in through a subsidiary. § 9-1101.

STATE	Sales	Brokerage	Under-writing	Lobby leasing	Equity invest.	Sales broker	Discount	Full service	Under-write	Mutual fund	TRAVEL DATA AGENCY PROCESS.	MGMT. CONSULT.
KY	Y	Y			Y	Y	Y				Y	
Persons owning up to one-half of the capital stock of a bank before 7/13/84 may act as agent or broker. § 287.030. Real estate investment is limited to local market area or improvements on realty acquired in satisfaction of debt, § 287.100. Real estate brokerage activity is authorized by O.A.G. 79-399. Discount brokerage and travel agency authority is also § 287.100.												
LA	Y	Y										
Bank general insurance agents or brokers on 1/1/84 are grandfathered by § 6:121 B (2). Annuities sales authorized by Commissioner of CFI on 3/16/93; rule invalidated pursuant to resolution of <u>VALIC v. Clarke</u> in 5th Circuit.												
ME	Y	Y		Y	Y							
Insurance sales and brokerage limited to ownership interest up to 25%; lobby lease required to be at arm's-length. Tit. 24-A, § 1514-A. Annuities sales were authorized by the 1993 legislature. Real estate equity investment limited to savings banks and trust companies. Tit. 9-B, §§ 542, 641. Special requirements for broker-dealers transacting business on premises of financial institutions, broker-dealer may not employ any person also employed by the financial institution as a sales rep and may not compensate financial institution employees for referring customers, adopted 6/1/94 by Maine Securities Division.												
MA	Y	N	N	Y	Y	Y	Y	N	N	N	N	Y
Insurance sales are through non-profit SBLI Corp. Insurance agents and brokers licenses held on 10/11/82 permitted by Ch. 175, § 174E. The guidelines for leasing of space by banks to insurance agents are contained in 211 CMR 53.00, issued 4/28/89. Real estate activities authority is Ch. 167F, § 2(8). Securities, data processing, and management consulting are available under leeway statute. Ch. 167F, § 3(4), (5).												
MI	N	N	N	N	Y	N	Y	Y	N	N	Y	N
§ 151d, M.C.L., authorizes data processing services and other activities and investments deemed appropriate by the Commissioner; § 151f, authorizes securities brokerage; and 151g, authorizes investment of up to 10% of assets in real estate purchase, development, improvement and construction. Michigan Bankers Association counsel suggests national bank travel agency power is available to state-chartered banks.												
MN	Y				Y		Y					
Insurance sales and securities discount brokerage are engaged in, though neither is expressly authorized or prohibited. Real estate equity investment is limited by § 48.61.												
MS	Y			Y							Y	
Insurance sales allowed in places of 7000 or fewer residents; differs from federal rule. § 83-17-229. Regulation 89-101, effective 5/6/89, permits the leasing of space by lending institutions to insurance agents. Source of data processing authority is §81-5-1(9).												

STATE	I N S U R A N C E			R E A L E S T A T E			S E C U R I T I E S			T R A V E L D A T A		M G M T . C O N S U L T .
	Sales	Brokerage	Under- writing	Lobby leasing	Equity invest.	Sales broker	Discount	Full service	Under- write	Mutual fund	AGENCY PROCESS.	

MO	Y			Y	Y		Y	Y	Y	Y	Y	
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Banks in places up to 5000 population by implication have same insurance agency powers as national banks. Authority for lobby leasing is a regulation at 4 C.S.R. § 140-2.051. Real estate equity investment authority is at § 362.106. Establishment and sales of mutual funds are authorized by § 362.105. Data processing services are authorized by § 362.105. Underwriting of mutual funds and public and private bonds and discount brokerage services are authorized by regulation, 4 C.S.R. § 140-2.130.

NE	Y	Y	N	Y	N	N	Y	N	N	N	Y	Y	Y
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Insurance sales and brokerage are allowed in places with 200,000 or fewer residents. § 44.392. Lobby leasing permitted in a normal lessor-lessee relationship. § 44-392. Discount brokerage, travel agency, data processing, and management consulting are permitted under the general terms of § 8-101(4).

NV	N				Y	N						
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Annuities sales authorized by 1993 A.B. 756. Insurance agency is prohibited by § 662.235(2). Real estate investment is allowed by § 662-103.

NH	N	N	N		N	Y	Y	N	N	N	N	Y	N
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Authority for real estate sales and brokerage, discount securities brokerage, and data processing is state wild card statutes and parity statutes that, respectively, give banks parity with savings banks and with national banks. §§ 394A:1, 394A:11.

NJ	Y	Y	Y		Y	Y	Y	Y			Y	Y
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Pursuant to leeway statute, regulations permit insurance brokerage and agency, underwriting credit insurance, real estate investment and brokerage, investment brokerage and advice, travel agency, and data processing either directly or by investing up to 3% of the banks assets or 50% of its capital, surplus, reserves and undivided profits in subsidiaries. N.J. Admin. Code § 3:11-11.5, 18 N.J.R. 1370(b). Ch. 17:9A-24.9(8) authorizes banks to engage in activities authorized by Federal Reserve Board by rule and application.

NM	Y			Y								
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Insurance sales in communities up to 5000 population and agencies licensed on 5/1/79 are permitted by § 59A-12-10.

NY	Y				N						Y	
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Insurance sales are limited to savings bank life insurance, § 235(26) of Banking Law; sale of fixed and variable rate annuities authorized by opinion of State Banking Department on May 17, 1991 annulled by trial court 7/8/92; trial court reversed by Appellate Division, 6/3/93. Court of Appeal confirmed right to sell annuities 3/30/94. Authority for real estate investment power expired 6/30/88. Travel agency authorized by § 96(13).

STATE	Sales	Brokerage	Under-writing	Lobby leasing	Equity invest.	Sales broker	Discount	Full service	Under-write	Mutual fund	TRAVEL DATA AGENCY PROCESS.	MGMT. CONSULT.
NC	Y						Y					
	Insurance sales and securities dealing are permitted under incidental powers provision (§ 53-43).											
ND	Y						Y	Y				
	The State Banking Board, on 4/15/90, authorized state-chartered banks to sell fixed rate and variable rate annuities pursuant to § 6-03-38 which authorizes banks to engage in the same activity as national banks. Authority for securities activities is Securities Commissioner Release 83-1 (7/1/83) and § 6-03-02 (1987).											
OH	Y	Y	N	N	Y	N	Y	Y	Y	N	Y	Y
	Subsidiaries of state chartered banks may act as agents for sales of insurance other than life products. <u>Ind. Ins. Agents of Ohio v. Fabe</u> , ___ Ohio St.3d ___, April 1, 1992. Real estate investment is authorized by §§ 1107.05, 1151.27. Securities activities are permitted by Banking Superintendent General Information Letter (GIL), 83-6. Investment advice and underwriting must be conducted through a subsidiary. Authority for travel agency is § 1107.31. General Information Letter (GIL) 83-3 permits data processing services, and GIL 83-2 permits management consulting.											
OK												
	Tit 6, § 806 permits banks to underwrite investment quality debt and equity, money market mutual funds, and mutual funds limited to investment quality debt, consistent with FDIC rules.											
OR	Y				Y	N				Y		
	Sections 707.310, 708.430 permit insurance agency activity either directly or in subsidiaries, and §708.43 permits real estate equity investment until 1/1/92 but bars brokerage. OAR 441-530-040, effective 8/19/91, permits banking institutions to contract with securities broker-dealers for services and to engage in the sale of mutual funds and interests in unit investment trusts.											
PA	N				Y					Y		
	Banks and financial institutions may not be licensed as insurance agents except for sales of credit insurance. Tit. 40, §281. 1988 S.B. 979 permits state banks to invest up to 1% of assets in real estate; securities underwriting is limited to municipal revenue bonds and mortgage-backed securities. Other permissible financially-related investments may be determined by the Commissioner.											
RI	N	N			Y							
	Banks and financial institutions are prohibited from being licensed as insurance agents or brokers except for sale of credit insurance. §27-3-46(a). Real estate investment is authorized by § 19-9-11.											
SC	Y											
	Authority for insurance agency through ownership of stock in subsidiary corporations is investment provision of S.C. Code Regs. 15-1(7).											

STATE	I N S U R A N C E				R E A L E S T A T E		S E C U R I T I E S			T R A V E L D A T A		M G M T . C O N S U L T .
	Sales	Brokerage	Under- writing	Lobby leasing	Equity invest.	Sales broker	Discount	Full service	Under- write	Mutual fund	AGENCY PROCESS.	

SD Y Y Y Y Y

Sec. 51A-4-4 permits banks directly or through subsidiaries, to engage in all aspects of insurance. Real estate equity investment is limited to minority interests in farm land. § 51A-4-37.

TN Y Y Y Y Y Y Y

Insurance sales and brokerage by BHC and subsidiaries as of 5/14/73, ownership of insurance agency or brokerage by BHC on 1/1/67 that controlled a bank that became part of BHC, and sales by agents continuously affiliated since 6/30/68 are permitted by § 55-6-201. Lobby leasing to insurance agents is permitted by a rule issued by the Insurance Commissioner, effective 2/15/85. Investment in real property is permitted by § 45-2-607(9). 1989 Chapter 168 authorizes state banks to provide investment advice and to sell and underwrite securities. The Commissioner may require that underwriting be done in a subsidiary.

TX Y Y

Insurance agent's licenses held by banks and BHCs on 6/1/81 or applied for by 7/15/81 are grandfathered by Art. 21.07-3(5)(h) of Insurance Code. Data processing is permitted under statutes giving state chartered banks powers equal with national banks.

UT Y Y Y Y Y

Authority for discount brokerage, securities underwriting limited to public entity issues, data processing, and management consulting is §§ 7-3-10 and 7-3-17, giving state banks parity with national banks and bank holding companies and authorizing any activity closely related to banking that is not inconsistent with Federal Reserve Board regulations or rulings. Section 7-3-3.2 permits a bank to purchase, sell, underwrite, and deal in securities for its own account or as agent or broker, through a subsidiary, and subject to approval of the Commissioner.

VT N Y Y Y Y Y Y

Lending institutions may not be licensed as insurers or directly sell insurance other than credit or mortgage insurance. Tit. 8, §4811(a). Authority for securities powers, data processing, and management consulting is Tit. 8 §606.

VA Y Y Y

All state-chartered banks are permitted to sell insurance. §§ 38.2-513, 38.2-514, 38.2-1824. Discount securities brokerage is permitted under incidental powers clause, § 6.1-11. Real estate equity investment is permitted by § 6.1-59.1.

STATE	I N S U R A N C E			R E A L E S T A T E			S E C U R I T I E S			T R A V E L D A T A		M G M T . CONSULT.
	Sales	Brokerage	Under- writing	Lobby leasing	Equity invest.	Sales broker	Discount	Full service	Under- write	Mutual fund	AGENCY PROCESS.	

WA	Y			Y	Y	N	Y	Y	Y	Y	N	Y	Y
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Banks may act as general insurance agents statewide if either the head office or a full service branch is located in a city of less than 5,000 persons. Trust companies may act as agents for any purpose, including general insurance agents. Supervisor of Banking regulations interpreting §§ 30.04.215(1), 30.08.140(10) and 30.08.150(3), effective 6/1/90. Real estate equity investment is permitted by § 30.04.212. Section 30.04.127 allows banks to carry on activities approved by the Supervisor based on public need and financial and managerial ability. The act also repeals the state's mini-Glass Steagall Act and prohibits travel and general insurance agency activities.

WV	N	N	N		Y	N	Y	Y	Y		Y	Y	Y
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Insurance agency, brokerage and underwriting, as well as real estate brokerage, are prohibited by § 31A-8C-2(f). Real estate equity investment, securities activities, and other financially related services as determined by the Commissioner are authorized by §§ 31A-8C-1 - 31A-8C-5.

WI	Y	Y	N	Y	Y	Y	Y	Y		Y	Y	Y	
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Insurance sales and brokerage are permitted by § 221.04(9) and Banking Letter No. 38, 11/28/83. Securities powers are permitted by Administrative Code §§ SEC 4.05, 4.10. NOTE: Sec. 221.297 allows a bank to undertake any activity or offer any product, directly or through a subsidiary, that the Commissioner finds is financially related; insurance underwriting is not available under § 221.297. Commissioner's regulations under § 221.297 permit real estate brokerage as of 7/1/87. Real estate equity investment is authorized by § 221.295(2).

WY	Y	Y					Y						
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Insurance agency and brokerage may be authorized by the State Examiner. Discount brokerage is permitted by Sec'y of State Opinion Letter 83-1, 7/1/83.

STATE	I N S U R A N C E				R E A L E S T A T E			S E C U R I T I E S			T R A V E L D A T A		M G M T.
	Sales	Brokerage	Under-writing	Lobby leasing	Equity invest.	Sales broker	Discount	Full service	Under-write	Mutual fund	AGENCY PROCESS.	PROCESS.	
	35	15	4	13	26	7	22	14	15	12	9	15	10

TOTALS -- This table shows the number of states authorizing banks and/or bank subsidiaries to engage in each activity under certain conditions. Totals shown here reflect even partial authority in one of the named areas. For example, Indiana is included in the total for insurance sales, even though those activities are limited to lines other than life insurance.

G:\YES-NO